

# Derivative Structuring

## Europe-based Investment Bank

**350K**

annualized cost savings

**5x**

increase in annual bespoke hedging pitches

Scalable framework

### CLIENT CHALLENGES

A large European investment bank's client solutions group – providing hedging solutions to leading global corporations using their derivative products – was looking for offshore support in the following areas:

- » implementing derivative pricing models and optimal capital structure analysis using the Monte Carlo simulation framework to offer bespoke hedging solutions
- » simulating interest rates, FX rates, and commodity prices to arrive at expected cash flows for derivatives (IRS, CCS, Caps, Floors, FX Forwards, Commodity Forwards, etc.) and synthetic positions
- » providing additional bandwidth to accommodate increasing demand from clients and scaling up solution potential using sophisticated quantitative modeling

### OUR APPROACH

- » Assigned a team of 4 math modellers and 2 technology resources
- » Built a Monte Carlo simulation framework for the derivative pricing models
- » Developed, tested and implemented the framework
- » Provided necessary training to the bank's users

### IMPACT DELIVERED

- » Helped the bank increase annual bespoke hedging pitches to 150 in 2015 from 30 in 2013
- » Helped the bank add interest rate, forex and commodity hedging to its suite of services by providing technical assistance
- » Enabled new users to operate with minimal training given scalable framework
- » Provided necessary flexibility to the bank's resourcing strategy

#### About Acuity Knowledge Partners

Acuity Knowledge Partners, formerly part of Moody's Corporation, is a leading provider of bespoke research, analytics, staffing and technology solutions to the financial services sector.

Headquartered in London, Acuity Knowledge Partners has nearly two decades of transformation experience in servicing over 300 clients with a specialist workforce of over 2,500 analysts and delivery experts across its global delivery network.

We provide our clients with unique assistance not only to innovate, implement transformation programmes and increase operational efficiency, but also to manage costs and improve their top lines.

These services are supported by our proprietary suite of Business Excellence and Automation Tools (BEAT) that offer domain-specific contextual technology.

Acuity Knowledge Partners is assisted by Equistone Partners Europe, a leading private equity organisation that backs specialist growth businesses and management teams.